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Philippines

Trade Policy Monitoring

RP Re-imposes SSG on Onions

2004

Approved by:

David C. Miller
FAS Manila

Prepared by:

Pia Abuel-Ang

Report Highlights:

On October 25, 2004, the Philippine Department of Agriculture once again issued a directive to the Bureau of Customs to re-impose the SSG on imported onions under HS Code 0703.10.00, over and above the regular customs duty of 40 percent. The SSG duty will be implemented on a shipment-by-shipment basis and will be computed based on the price difference between the CIF unit value and the established trigger price.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1]
[RP]

A special safeguard duty (SSG) on onions was suspended in December 2002 by the Philippine Department of Agriculture (DA), but the DA once again issued a directive on October 25, 2004 to the Bureau of Customs (BOC) to re-impose the SSG on imported onions under HS Code 0703.10.00, over and above the regular customs duty of 40 percent. The order will become effective upon issuance of the Customs Memorandum Order (CMO) implementing it.

The SSG duty will be implemented on a shipment-by-shipment basis and will be computed based on the ratio of the price difference between the CIF unit value and the established trigger price using the formula set in Republic Act 8800 or "The Safeguard Measures Act." Based on a CIF price of P8.11/kg, the SSG duty will be P60.31/kg in addition to the P3.24/kg regular customs duty on onions.

| H.S. Code | Product Description | CIF (Pesos/kg) | Duty +SSG (Pesos/kg) | CIF + Duty +SSG |
|------------|---------------------------------------|-------------------|-------------------------|--------------------|
| 0703.10.00 | Onions and shallots, fresh or chilled | 8.11 | 3.24 + 60.31 | 71.67 |

Upon evaluation of customs data on onion imports, DA has concluded that the trigger price for onions, set at P74.21 per kilogram, has been breached. According to DA, the average CIF import price for fresh onions during the first half of the year was P8.51/kg. Customs data has also shown that the volume of onion imports entering the country has been increasing.

| PHILIPPINE IMPORTS OF FRESH ONIONS (2001-03) | | | |
|--|-------------|-------------------|------------------------|
| Year | Volume (kg) | CIF Value (Pesos) | Unit Price (Pesos/ kg) |
| 2001 | 17,925,108 | 135,818,139 | 7.58 |
| 2002 | 6,751,575 | 51,879,989 | 7.68 |
| 2003 | 11,584,228 | 91,939,692 | 7.94 |

The same trend is carried over for the first six months of 2003. Onion imports surge in the autumn and early winter months as North American, Chinese and European suppliers come into the market.

| PHILIPPINE IMPORTS OF FRESH ONIONS (JAN-JUNE 2004) | | | |
|--|-------------|-----------------------|------------------------|
| | Volume (kg) | CIF Value (Pesos/ kg) | Unit Price (Pesos/ kg) |
| January | 194,000 | 1,583,493 | 8.16 |
| February | - | - | - |
| March | - | - | - |
| April | - | - | - |
| May | 54,000 | 723,755 | 13.40 |
| June | 501,640 | 4,069,535 | 8.11 |
| TOTAL | 749,640 | 6,376,783 | 8.51 |

Source: Bureau of Customs